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CENTRAL AMERICA/MEXICO: THE PRESENT OPPORTUNITY AND DANGER

I. TRENDS

Overview - three futures El Salvador is the turning point

- extreme right/extreme left/centrist coalition
- time urgency--opportunity for success and failure
- three arenas of policy:
regional/transnational/domestic

Nicaragua

- consolidation of communist power
- building of military "shield"
- democratic groups still exist and are viable

El Salvador

- three forces contending for the future:
both extremes help each other
- requirements of a balanced policy - nearly met
- support for center and existing land reform essential
- more vigorous action against extreme left and extreme right
- establish objectives and provide resources to meet them
within the next 8 months to a year (there will be no second chance)

Guatemala

- partnership with moderates possible
- extreme right violence helps the extreme left and prevents U.S. support

II. NEW DIMENSION: THE ALIGNMENT OF TRANSNATIONAL FORCES WITH THE EXTREME LEFT,

1/Cuba, regional communist networks, Soviet bloc

2/Palestinian extremists and radical Arab states

3/Social Democrats

4/Mexico

WITH THE CENTRIST COALITION,

1/U.S.

2/Christian Democrats/Germany, Venezuela

3/Several friendly governments

III. IMPLICATIONS FOR POLICY

In the Region:

- Reasonable but adequate levels of intelligence and military help to defeat the extreme left/substantially defeat them within 9-12 months
- offensive covert action against Cuban managed networks
- assertive liberalization of Nicaragua before the military shield is complete
- improved collection/neutralization vs. extreme right - a coherent effort

In the Transnational Arena:

- pressure on Cuba through the region, Africa, Middle East--a range of actions from: truthful information to discredit myths; encouragement of defections, exposure of operations,...arms to opponents
- publicize Palestinian/radical Arab role;covert action against assets
- Social Democrats: coherent strategy of political persuasion including identification of party/government moderates, systematic briefings, raising of issues to head of government (e.g., Schmidt)
- Mexico: political candor at the summit; political persuasion with a selected group of leaders listened to by President Lopez Portillo; consider revealing Soviet/Cuban covert action out of Mexico and versus Mexico
- strengthen positive transnational groups: Christian Democrats, AFL-CIO, AFILD

In the Domestic Arena:

- improved communications factual and regular on these themes:
 - balanced view of present social/economic context
 - reforms/
 - centrist groups
 - correct description of the extreme left violence and its purposes
 - correct description of the extreme right violence and its purposes
 - Cuban covert action, especially cooperation with Palestinian radicals